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ANHEUSER BUSCH Joseph F. Jedlicka III
VICE PRESIDENT AND
Companies GENERAL COUNSEL
ANHEUSER-BUSCH, INC.
December 9, 2003

Mr. William H. Foster
Alcohol and Tobacco Tax and Trade Bureau
650 Massachusetts Avenue
Washington, DC 20026

Re: TTB Notice Number 4: FMB Proposed Rulemaking
Dear Mr. Foster:

I have received a copy of Mr. Jim Sgueo's November 5, 2003 letter, of which you were copied, regarding Anheuser-Busch's comment to Notice No. 4. I must apologize for stating in my comment that NABCA and the Joint Committee of the States formally "endorse the 0.5% standard." This error stemmed from our misunderstanding of several written and verbal communications made in 2002 by various officials in response to ATF presentations in support of the 0.5% standard including the following:

- On July 23, 2002, you and Mr. Libertucci met with the Joint Committee of the States and outlined ATF's proposed 0.5% standard. After your presentation, a letter on behalf of the Joint Committee of the States included the following statements:

"Following your presentation, the Joint Committee unanimously voted to indicate its support for the direction the project is taking in creating a standard to correctly categorize these products. As you know, because of the high volume of alcohol-based flavors in the flavored malt beverages, some states will be forced to either change their statutes or change the current taxation and distribution policies and treat these products as spirits."

While industry members were not permitted to attend your presentation, participants told the Beer Institute that the presentation centered on the 0.5% standard. A written ATF speech to the NABCA and a later slide presentation to the NCSLA also focused almost exclusively on the 0.5% standard.

- Shortly after that meeting, ATF held a conference call on July 25th announcing the 0.5% standard to industry members. Mr. Randy Yarbrough of the Texas Alcoholic Beverage Commission sent a letter to Mr. Buckles dated July 29, 2002 as a follow-up to your meeting with the Joint Committee of the States. In that letter, Mr. Yarbrough confirmed that "all of the committee members were uniformly supportive of the explanation and recommendations."

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- On August 6, 2002, a letter to Mr. Libertucci on behalf of the Joint Committee of the States appeared to express support for "the direction the project is taking in creating a standard to correctly categorize these products." The letter stated optimism that both NCSLA and NABCA "will lend their support to the adoption of an agreed upon standard." A later letter dated September 26, 2002 to Mr. Libertucci on behalf of NABCA indicated that NABCA voted to endorse the resolution of the Joint Committee of the States and urged the Bureau to "proceed expeditiously in its planned rulemaking proceeding to establish a standard of identity for flavored malt beverages." We understand that the only standard that ATF was proposing at the time was the 0.5% standard.

- A number of control states have written to TTB supporting a national standard that would be acceptable to most states, or more specifically, supporting the 0.5% standard.

The great weight of support for the 0.5% standard among the many formal and informal comments received should not be clouded by this misstatement. However, if NABCA and the Joint Committee did not technically support the standard as an organization in the recent comment period, then please accept my apologies and understand the source of the confusion. We certainly applaud the fine work of NABCA, and the Joint Committee and its members and did not intend to misrepresent their official position in any way. Thank you for your consideration.

Sincerely,

Joseph F. Jedlicka III
Vice President and General Counsel
Anheuser-Busch, Inc.

cc: Mr. Jim Sgueo, NABCA
Dr. Charles Ehart